

Proposed Changes to NCCR Regulation 1

New

~~Deleted~~

~~Added following the December 14, 2021, Workshop.~~

~~Removed following the December 14, 2021, Workshop.~~

1.051 “Address” defined.

1.069 “Board Member” defined.

~~1.081 “Conditional License” defined.~~

1.132 “Officer” defined.

1.133 “Owner” defined.

~~1.193 “Prospective License” defined.~~

1.051 “Address” defined. “Address” for purposes of NRS 678B.250(3)(a)(2)(II) means at least the specific local jurisdiction, either county or incorporated city, where the cannabis establishment will be physically located.

1.069 “Board Member” defined. “Board Member” for purposes of NRS 678B.250 & 678B.280 means a member who has unencumbered direct or indirect ownership of a company that holds or has applied to hold a license in a cannabis establishment.

~~1.081 “Conditional License” defined. “Conditional License” means refers to the status of a license for a cannabis establishment license wherein the applicant has completed the suitability investigation by Board Agents and found suitable after the Board’s suitability review but has not met all of the requirements to hold a final license for a cannabis establishment licensee has been found suitable by the Board and a final license determination is in process pursuant to NCCR 5.040(3). This reference designation applies only to conditional licenses issued granted after April 1, 2022. as many conditional licenses held prior to that date have not been subjected to suitability review by the Board.~~

1.132 “Officer” defined. “Officer” for purposes of NRS 678B.250 & 678B.280 means an officer of a publicly traded company who holds or has applied to hold a license for a cannabis establishment.

1.133 “Owner” defined. “Owner” for purposes of NRS 678B.250 & 678B.280 means an owner who has unencumbered ownership of a company that holds or has applied to hold a license for a cannabis establishment.

~~1.193 “Prospective License” defined. “Prospective License” means refers to the status of an application for a license for a cannabis establishment license wherein the licensee applicant has met the minimum scoring guidelines to qualify for licensure and has been selected to proceed to a suitability investigation by the Board Agents and suitability review~~

by the Board but has not been found suitable by the Board. This is not a license for a cannabis establishment by a random number generator but has yet to be found suitable by the Board.

Proposed Changes to NCCR Regulation 5

New

~~Deleted~~

Added following the December 14, 2021, Workshop.

~~Removed following the December 14, 2021, Workshop.~~

~~5.040 Licensing of cannabis establishments: Criteria of merit; relative weight. Prior to requesting applications pursuant to NCCR 5.020, the Board will promulgate regulations on how the Board will determine the ranking of the applications made in response to a request by the Board pursuant to NCCR 5.020. Submission of application for a cannabis establishment license.~~

~~5.050 Request by applicant for ranked application score; request to review scoring information; designation of Board employee to respond to request; maintenance of information in application file. Prior to requesting applications pursuant to NCCR 5.020, the Board will promulgate regulations on how an applicant may review the scoring of an application made in response to a request by the Board pursuant to NCCR 5.020. Selection of diversity applicants.~~

~~5.055 Issuance of license if Board receives only one application in response to request for applications; notification to locality. Prior to requesting applications pursuant to NCCR 5.020, the Board will promulgate regulations on how the Board will handle only one application made in response to a request by the Board pursuant to NCCR 5.020. Selection of social equity applicants.~~

~~5.060 Issuance of license is conditional until certain requirements for approval to begin operations are satisfied. Prior to requesting applications pursuant to NCCR 5.020, the Board will promulgate regulations on conditional licenses issued in response to a request by the Board pursuant to NCCR 5.020. Issuance of license if Board receives less applications than available cannabis establishment licenses for an open application period. Surrender of license if cannabis establishment has not received final inspection; extension of time for final inspection; fee not refundable.~~

~~5.065 Written notice of denial of application. Procedure to request a reduction of renewal fees for conditional licenses.~~

5.020 Request for applications to operate establishment: Notice by Board; required provisions; time period for submission of applications.

1. As often as the Board deems necessary, the Board will determine whether a sufficient number of cannabis establishments exist to serve the people of this State and, if the Board determines that additional cannabis establishments are necessary, the Board will issue a request for applications to operate a cannabis establishment. The Board will provide notice of a request for applications to operate a cannabis establishment by:

- (a) Posting on the Internet website of the Board that the Board is requesting applicants to submit applications;
- (b) Posting a copy of the request for applications at the principal office of the Board, ~~at the Legislative Building and at not less than three other separate, prominent places within this State;~~ and
- (c) Making notification of the posting locations using the electronic mailing list maintained by the Board for cannabis establishment information.

~~2. When the Board issues a request for applications pursuant to this section, the Board will include in the request the point values that will be allocated to each applicable portion of the application.~~

2. The Board will accept applications in response to a request for applications issued pursuant to this section for 10 business days. ~~The Board will provide notice of a request for applications, in a time frame as decided by the Board, and will specify the exact dates on which the applications will be accepted, beginning on the date which is 45 business days after the date on which the Board issued the request for applications and will specify the exact dates on which applications will be accepted.~~ The applicants must strictly adhere to the ~~written~~ instructions the Board provides for submittal of each application.

3. If the Board receives an application in response to a request for applications issued pursuant to this section on a date other than the dates set forth in subsection 2, the Board will not consider the application and must return the application to the entity that submitted the application.

~~5.040 Licensing of cannabis establishments: Criteria of merit; relative weight. Prior to requesting applications pursuant to NCCR 5.020, the Board will promulgate regulations on how the Board will determine the ranking of the applications made in response to a request by the Board pursuant to NCCR 5.020. Submission of application for a cannabis establishment license. During an open application period for applications to operate a cannabis establishment license, a person may apply for one license of the type of cannabis establishment license for the type that has an open application period. The applications must be submitted through the Board's designated electronic licensing application system, Accela, during the time listed on the open application period. No applications will be accepted before or after the open application period. The deadline for application submissions and compliance with the application instructions will be strictly enforced. The Board will grant no grace period for applications once the application period has concluded. The Board will not be held responsible for any technical issues that may occur with the electronic licensing application system during the application period. Failure to submit an application, in a timely manner, for any reason including technical issues, will result in denial. Questions on the application and/or application submittal process must shall only be submitted in writing to an email specifically designated explicitly for that purpose in the application instructions. Regarding such emails, and the Board cannot guarantee a response within any particular time frame and/or prior to the application submittal deadline. No applicant is entitled to rely on any verbal information relayed to them regarding the application submittal process. All official application instructions will be posted~~

on the Board's website at www.ccb.nv.gov. The applicant must also provide a point of contact, as required by NCCR 2.050, and update that information as ~~necessary~~ required.

In the event the number of licenses for any ~~cannabis~~ establishment type are limited, and if the application meets the ~~criteria~~ ~~minimum scoring guidelines~~ ~~to be included~~ ~~quality~~, the application will be entered into a random number selector to determine which applicants will be selected. If selected through the random number selector, the application will be eligible ~~for~~ ~~to receive a prospective cannabis establishment license~~ ~~for a cannabis establishment~~. If there is no limit on the number of licenses to be awarded in any particular licensing period, a random number selector will not be used. However, the applicant must meet ~~the minimum scoring guidelines~~ ~~all the requirements in the application~~ ~~to qualify for~~ ~~receive the prospective license before they can be considered for~~ ~~proceed to a suitability investigation by the Board Agents and suitability review by the Board~~ ~~to receive a conditional license~~.

There is no guarantee that even if ~~the application~~ ~~a~~ ~~qualified applicant~~ is selected by the random number selector to receive a prospective license that ~~an applicant~~ ~~the person will~~ receive a conditional license. To receive a conditional license the applicant must be ~~deemed found~~ ~~suitable by the Board~~ ~~after a suitability investigation is completed by Board Agents~~.

An application for a cannabis establishment license is non-transferable.

1. ~~To meet the minimum scoring guidelines~~, the initial application must include the following:

(a) A one-time, nonrefundable administrative processing fee in an amount designated in NRS 678B.390 for that particular cannabis establishment license type.

(b) ~~An~~ ~~completed~~ application on the ~~Board's~~ ~~designated~~ ~~electronic~~ ~~licensing~~ ~~application~~ ~~system~~ ~~Aeela~~ ~~Portal~~ ~~as~~ ~~created~~ ~~by~~ ~~the~~ ~~Board~~. The application must include, without limitation:

(1) The type of cannabis establishment license the applicant is applying for;

(2) The legal name of the proposed cannabis establishment, as reflected in the articles of incorporation or other formation documents filed with the Nevada Secretary of State;

(3) ~~An~~ affirmation that the applicant ~~can~~ ~~and~~ ~~will~~ ~~secure~~ ~~evidence~~ ~~that~~ ~~the~~ ~~applicant~~ ~~controls~~ ~~liquid~~ ~~assets~~ ~~in~~ ~~an~~ ~~amount~~ ~~of~~ ~~at~~ ~~least~~ ~~\$200,000.00~~ prior to receiving a conditional license:

(1) ~~If~~ ~~and~~ ~~when~~ ~~an~~ ~~the~~ ~~applicant~~ ~~meets~~ ~~the~~ ~~minimum~~ ~~scoring~~ ~~guidelines~~ ~~on~~ ~~the~~ ~~application~~ ~~qualifies~~ ~~and~~ ~~is~~ ~~selected~~ ~~for~~ ~~is~~ ~~successful~~ ~~in~~ ~~receiving~~ ~~a~~ ~~prospective~~ ~~license~~ ~~this~~ ~~affirmation~~ ~~will~~ ~~be~~ ~~verified~~, ~~and~~ ~~if~~ ~~untrue~~, ~~may~~ ~~be~~ ~~used~~ ~~to~~ ~~deny~~ ~~the~~ ~~applicant~~ ~~from~~ ~~receiving~~ ~~a~~ ~~conditional~~ ~~license~~.

(4) The address where the proposed cannabis establishment will be located and, if applicable, the physical address of any co-owned or otherwise affiliated cannabis establishments;

(I) An attestation wherein the applicant agrees and understands that the actual location ~~whereof~~ the cannabis establishment ~~will~~ be conducting business;

(i) ~~must be a location which may not be~~ within 1,000 feet of a public or private school that provides formal education traditionally associated with preschool or kindergarten through grade 12 and that existed on the date on which the application for the proposed cannabis establishment was submitted to the Board;

(ii) ~~must not be~~ within 300 feet of a community facility that existed on the date on which the application for the proposed cannabis establishment was submitted to the Board; ~~and~~

(iii) if the proposed cannabis establishment will be located in a county whose population is 100,000 or more, ~~it must not be~~ within 1,500 feet of an establishment that holds a nonrestricted gaming license described in subsection 1 or 2 of NRS 463.0177 and that existed on the date on which the application for the proposed cannabis establishment was submitted to the Board.

(II) While the physical address may change prior to opening the cannabis establishment, this address will be used to identify the ~~locality~~ jurisdiction where the cannabis establishment must be located and remain pursuant to NRS 678B.500.

(III) ~~Warning:~~ Once the applicant selects a local jurisdiction, ~~is selected by the applicant~~ the applicant is limited to locations within said local jurisdiction pursuant to NRS 678B.500.

(5) An affirmation that the applicant can and will secure evidence when available that the applicant either:

(I) owns the property on which the cannabis establishment will be located, or

(II) has the written permission of the property owner to operate the cannabis establishment on that property;

(6) The mailing address, telephone number, and electronic mail address of the applicant;

(I) ~~Warning:~~ If contacted by the Board the applicant must respond immediately, but if that is impossible, no later than ~~2~~ (48 hours) workdays ~~24 hours~~ after contact by the Board. If the applicant does not timely respond to any Board communication that fact may be used to deny the applicant from receiving a prospective, conditional or final license.

(7) The name, address, and date of birth of each person who is proposed to be an owner, officer or board member of the proposed cannabis establishment. If the applicant or an owner is any [redacted] than type of business entity and/or is not a natural person, said entity applicant or owner must submit the aforementioned information for all owners who hold shares or any type of ownership interest directly or indirectly in any way that equate to 5% or greater in the company must be listed;

(I) All owners of any entity within the ownership structure of the person who may be [redacted] the cannabis establishment license holder must be listed if the person owns 5% or greater interest in any entity within the ownership structure.

(8) For cannabis consumption lounges only, an affirmation that no person who owns 5% or greater interest in any entity within the ownership structure of the person who may be the cannabis consumption lounge license holder has applied for another cannabis consumption lounge license.

(I) Warning: If any application has an owner who owns 5% or greater interest in any entity within the ownership organization chart of the person who may be the cannabis consumption lounge license holder and said owner is also on any other application wherein they are listed as that person is also an owner who owns 5% or greater interest in any entity within the ownership structure, of the person who may be the cannabis consumption lounge license holder all such applications will be removed from consideration. Any application removed for any reason will not have its administrative processing fee returned; it is a non-refundable fee.

(9) For each owner, officer and board member listed in the application, please provide the Aeeela agent card portal record number showing proof the person has applied for an agent card as a prospective owner, officer, or board member;

(I) Please note, Payment of the agent card fee will not be required until the applicant, who has met the minimum scoring guidelines on the application, has successfully been selected for awarded a prospective cannabis establishment license.

Applicants must complete all other sections of the application must be completed, including a complete set of the person's submission of the fingerprints, which must be submitted of the person to the Central Repository for Nevada Records of Criminal History for submission to the Federal Bureau of Investigation for its report to determine the criminal history of that person.

(II) Warning: If any applicant owner, officer, or board member listed in the application has been convicted of an excluded felony offense, per NRS 678B.050, the application will be removed from the process, and thereby prevented from receiving a prospective, conditional or final license, depending on where it was in the process.

(10) An affirmation that the applicant has and will implement a diversity plan as required under subsection 2; and If the applicant wishes to be considered a diversity applicant, the applicant must affirm that they have received a certification pursuant to NCCR 5.045; and

(I) An applicant shall upload the diversity plan as further detailed below in section 2(a)(10)(I). Warning: if the applicant qualifies and is successful selected for in receiving a prospective license, this affirmation will be verified and if untrue may be used to deny the applicant from receiving a conditional license.

(11) An attestation that the information provided to the Board to apply for the license for a prospective cannabis establishment is true and correct according to the information known by the attestant at the time of the attestation.

(12) An attestation stating the following:

(I) By submitting this application, I agree to release and hold harmless the State of Nevada, the Cannabis Compliance Board, and each of their employees, attorneys, and consultants from any and all liability for any and all decisions and/or actions taken in response to information and data submitted by me or obtained by the Cannabis Compliance Board regarding this application, including, but not limited to, any rejection and/or denial of this application.

2. If the applicant has met the minimum scoring guidelines on the application obtained qualified and was selected for a prospective cannabis establishment license for a cannabis establishment the applicant must fully cooperate with the Board in order for Board Agents to conduct a suitability investigation check on the company and prospective owners of the prospective cannabis establishment license.

(a) An The applicant who receives a letter informing them that they received a prospective license and that they will be proceeding to a suitability investigation by Board Agents must upload the following documents within 120 30 days of receipt of such letter . There will be no extensions granted to the 120 day deadline with the exception of the funding requirement pursuant to subsection (2) below after receiving a letter confirming that they have received a prospective cannabis establishment license;

(1) If the applicant is applying for a license for a cannabis sales facility, or cannabis consumption lounge, the proposed hours of operation

during which either establishment plans to be available to sell cannabis to consumers;

(2) Evidence that the applicant controls ~~at least~~ \$200,000.00 in liquid assets;

(3) Operating procedures consistent with the NCCRs to ensure the use of adequate security measures;

(4) Operating procedures consistent with the NCCRs for the use of an inventory control system;

(5) If the proposed adult-use cannabis establishment will sell or deliver adult-use ~~cannabis or~~ cannabis products, proposed operating procedures consistent with the NCCRs for handling such ~~cannabis or~~ ~~cannabis~~ products;

(6) Whether the owners, officers or board members of the proposed adult-use cannabis establishment have direct experience with the operation of cannabis establishments in Nevada and whether they have demonstrated a record of operating such an establishment in compliance with ~~Nevada's~~ the laws and regulations ~~for an adequate~~ period of time to demonstrate success ~~of Nevada~~;

(7) Whether the owners, officers or board members of the proposed adult-use cannabis establishment have direct experience with the operation of a cannabis establishments in a state, jurisdiction or country other than Nevada and whether they have demonstrated a record of operating such an establishment in compliance with the laws and regulations of that ~~a~~ state, jurisdiction or country.

(8) The educational and life experience of the persons who are proposed to be owners, officers or board members of the proposed adult-use cannabis establishment;

(9) The experience of key personnel that the applicant intends to employ in operating the type of adult-use cannabis establishment for which the applicant seeks a license and a short description of the role in which the person will serve for the organization and their responsibilities;

(10) A diversity plan which must be in the form of a detailed written plan, including objectives, timetables, and evaluation metrics that describes the steps an applicant will take to ensure that the adult-use cannabis establishment will promote the meaningful inclusion of diverse groups. The Board will determine whether the stated goals outlined in each Diversity Plan are reasonable and represent a good faith effort to assure that the applicant, who has met the minimum scoring guidelines on the application, accords all persons an equal opportunity in contracting and employment. In accordance with NRS 678B.280(1)(f), diversity is defined as organizations that are owned or managed by or employ or contract with minorities and woman. However, the inclusion of other underrepresented groups, including,

~~but not limited to, veterans, persons with disabilities, and LGBTQ+, is encouraged. The diversity on the basis of race, ethnicity or gender of the applicant or the persons who are proposed to be owners, officers, or board members of the proposed adult-use cannabis establishment, including, without limitation, the inclusion of persons of backgrounds which are disproportionately underrepresented as owners, officers or board members of adult-use cannabis establishments~~

~~(1) The Diversity Plan, referenced in subsection (10) above, must include the following information:~~

~~(i) The demographic information for of each owner, officer, board member, employee, and independent contractor as currently known by the applicant;~~

~~(ii) Strategies for obtaining a diverse group of owners, officers, board members, employees, including executive positions, management, and independent contractors;~~

~~(iii) Employee hiring and retention diversity goals adopted by the applicant;~~

~~(iv) A plan for diversity related outreach or events the applicant will conduct to support its diversity goals in ownership, investment, management, employment, and contracting;~~

~~(v) Any materials from the applicant on its mentoring, training, or professional development programs for diverse groups;~~

~~(vi) Proposed timelines and benchmarks for achieving the diversity goals outlined in the Diversity Plan, or in the alternative, a narrative describing the applicant's ability to record and report on the components of the Diversity Plan;~~

~~(vii) Any other information that demonstrates the applicant's commitment to diversity in ownership, investment, management, employment, and contracting; and~~

~~(viii) Any other information or documentation required by the Board~~

~~(11) If applying as a diversity applicant, the documents proving the applicant has been certified by a diversity certifying entity;~~

~~(11) Last two fiscal year financial statements, including an income statement, balance sheet and earnings before interest, taxes, depreciation, and amortization ("EBITDA");~~

~~(12) Resumes or curriculum vitae (CVs) for all owners, officers, and board members;~~

(13) Two-year business plan and first-year operating budget for the cannabis establishment;

(14) History of the company;

(15) If a publicly-traded company the most recent Non-Objecting Beneficial Owner (NOBO) list; and

(b) An applicant who receives a letter informing them that they received a prospective license based on the social equity criteria and that they will be proceeding to a suitability investigation by Board Agents must upload the following documents in addition to the documents listed in subsection (a) within 120 days of receipt of such letter:

(16) Evidence that a social equity applicant's residence is in an approved census tract by displaying an original or certified copy of any two of the following documents:

(I) A receipt from the rent or lease of a residence located in an approved census tract;

(II) A lease of a residence located in an approved census tract on which the applicant appears as the lessee during a lease term within the previous five years;

(III) A record from a public utility for a service address located in an approved census tract which is dated within the previous five years;

(IV) A bank or credit card statement indicating a residential address located in an approved census tract which is dated within the previous five years

(V) A stub from an employment check indicating a residential address located in an approved census tract;

(VI) A document from a state or federal court indicating a residential address located in an approved census tract which is dated within the previous five years;

(VII) A document issued by an insurance company or its agent, including, without limitation, an insurance card, binder or bill, indicating a residential address located in an approved census tract;

(VIII) A record, receipt or bill from a medical provider indicating a residential address located in an approved census tract;

(IX) Tax records for the most recent tax year, other than the records described in paragraph (XI), indicating a residential address located in an approved census tract;

(X) A statement or bill requesting payment, other than a bill from a medical provider, indicating a residential address located in an approved census tract which is dated within the previous five years;

(XI) A record of property taxes assessed or paid for the most recent tax year for a residence located in an approved census tract;

(XII) A deed of trust or other documentation of a current mortgage for a residence located in an approved census tract;

(XIII) A record from an educational institution in an approved census tract which establishes that the applicant is currently enrolled in the educational institution or an identification card issued by the educational institution ~~which is~~ dated within the previous five years;

(XIV) A receipt from a hotel, motel, recreational vehicle park or campground located in an approved census tract indicating not fewer than 30 days of consecutive residency ~~in this State~~ which is dated within the previous five years

(XV) A voter registration card issued to the applicant pursuant to ~~NRS 293.517~~ within the previous five years;

(XVI) Documentation of receipt of benefits in an approved census tract under any state program of public assistance ~~which is~~ dated within the previous five years;

(XVII) A Leave and Earnings Statement, or an equivalent or successor form, indicating residency in an approved census tract, of an applicant who is a member of the military and who is deployed outside of Nevada ~~this State~~ while serving on active duty ~~which is~~ dated within the previous five years;

(XVIII) A notarized statement from the owner of a residence located in an approved census tract indicating that the applicant physically resides at the residence ~~which is~~ dated within the previous five years;

(XIX) Documentation indicating that the applicant is a person for whom a fictitious address has been issued pursuant to NRS 217.462 to 217.471, inclusive; or

(XX) A form approved by the ~~Board~~ Department as proof of the applicant's residence in an approved census tract.

(XXI) As used in this section, "military" means the Armed Forces of the United States, a reserve component thereof or the National Guard.

(27) A social equity applicant must provide proof of conviction for a cannabis ~~related~~ offense for either the applicant ~~or~~ and/or the applicant's parent, sibling, or child. Required documents are as follows:

(I) Certified copy of the Judgment of conviction; and/or

(II) Proceedings sheet and/or court minutes.

(c) The documents listed under subsection (a) of subsection 2 are the minimum documents ~~applicants, who have met the minimum scoring~~

guidelines on the applications, are required to be uploaded to the designated electronic licensing application system ~~Accela portal~~. If there are no responsive documents to one of the minimum required documents, the applicant must submit an explanation of why they omitted the document ~~was not included~~. The applicant must turn over any other documents requested by the Board. They must also facilitate in a timely matter any interview of an owner, officer, or board member requested by the Board or Board Agents. If the Board or Board Agents contact the applicant is contacted by the Board or Board Agents for any reason, the applicant must respond immediately. If an immediate response is not possible, the applicant must respond but if that is not possible, no later than 2 workdays (48 hours) 24 hours after contact by the Board or Board Agents. If the applicant fails to respond to any Board or Board Agent communication in a timely manner, that fact may be used to deny the applicant from receiving a prospective, conditional or final license.

(d) When a suitability investigation by Board Agents is completes a suitability investigation, a presentation shall be scheduled at a Board meeting. The applicant and any requested owner, officer, or board member must be in attendance and prepared to give an affirmative presentation to the Board regarding its application for a license and final suitability determination. The applicant must be prepared to answer any and all questions posed by the Board at a public meeting.

(e) The Board will determine on a case-by-case basis the relative weight to give, if any, to any criterion of merit considered and established by the Board.

3. If the applicant, who has met the minimum scoring guidelines on the application, receives ~~has obtained~~ a conditional cannabis establishment license the applicant must obtain the final license and the cannabis establishment must become operational within the time limit set in NCCR 5.085 12 months of receiving the conditional cannabis establishment license. The applicant must work closely with state and local governments and officials to meet all necessary requirements to receive the final license as follows:

(a) The cannabis establishment is in compliance with the zoning and land use rules adopted by the local government in which the establishment will operate;

(b) The local government has issued a business license for the operation of the cannabis establishment, or otherwise approved the applicant, for the operation of the establishment;

(c) The Board completes a ~~pre-opening final~~ inspection of the cannabis establishment; and

(d) Completed any and all other requirements as required by the specific regulations that governs the type of cannabis establishment a license was ~~type~~ awarded ~~for~~ as well as any other requirement of the Board or local government.

(e) All annual license renewal fees and outstanding time and effort billings must be paid in full.

4. If the applicant, who has met the minimum scoring guidelines on the application, was denied a conditional license they may file an appeal to the Board if they wish to

dispute said denial. The applicant must file its appeal must be filed with the Board within 30 days of the date on the written denial letter stating that the Board did not issue a license to the applicant. The appeal must include arguments as to why the Board's denial of the conditional license was improper. The Board shall set a hearing within 90 days of receiving the appeal.

~~5.050 Request by applicant for ranked application score; request to review scoring information; designation of Board employee to respond to request; maintenance of information in application file. Prior to requesting applications pursuant to NCCR 5.020, the Board will promulgate regulations on how an applicant may review the scoring of an application made in response to a request by the Board pursuant to NCCR 5.020. Selection of diversity applicants. Pursuant to the State of Nevada's policy on inclusion found in NRS 678B.280(1)(f), thirty percent of all cannabis establishment licenses shall be reserved for applicants that are certified as minority owned or female owned businesses, pursuant to NCCR 5.045. These applicants shall be selected through a separate random number generator process to take place first during open application periods. Any remaining certified applicants not selected through this inclusion process shall be entered into the selection process for the other seventy percent of the available cannabis establishment conditional licenses.~~

~~1. There is no guarantee that if an application is selected through the inclusion process by the random number generator to receive a prospective license that the applicant will receive a conditional license. To receive a conditional license the applicant must be deemed suitable by the Board.~~

~~5.055 Issuance of license if Board receives only one application in response to request for applications; notification to locality. Prior to requesting applications pursuant to NCCR 5.020, the Board will promulgate regulations on how the Board will handle only one application made in response to a request by the Board pursuant to NCCR 5.020. Selection of social equity applicants. Whenever the State of Nevada mandates the selection of social equity applicants during an open application period for a type of cannabis establishment license, a social equity applicant will qualify for potential selection as a social equity applicant if they meet the following criteria:~~

~~1. Social equity applicants are identified, and these criteria shall be added to the application process, as persons who have:~~

~~(a) At least 51% ownership in the business;~~

~~(b) Have resided in one of the following census tracts nationwide Nevada continuously for no less than the previous five years in a census tract, designated by the Board, defined as meeting the following two criteria: and~~

~~(1) A census tract with an Area Deprivation Index score of seven (7) state-only decile or higher where 75% of households are participating in a federal free lunch program; and~~

~~(2) A census tract that has an incarceration rate in the 90th percentile, or roughly 3.3% of everyone who grew up in the census tract was in jail or incarcerated at the time of the 2010 Decennial Census. ; and~~

~~(3) A census tract where at least 20% of the persons living within that code are receiving SNAP benefits.~~

~~(c) Are included in at least one of the following categories:~~

~~(1) Been Convicted of a non-violent felony and/or misdemeanor cannabis related offense; or~~

~~(2) Their immediate family member (parent, sibling, or child) was convicted of a cannabis related felony offense and who has lived in or currently lives in a census tract, designated by the Board, where:~~

~~(I) A census tract with an Area Deprivation Index score of seven (7) state-only decile or higher where 75% of the households are participating in a federal free lunch program; and~~

~~(II) A census tract that has an incarceration rate in the 90th percentile, or roughly 3.3% of everyone who grew up in the census tract was in jail or incarcerated at the time of the 2010 Decennial Census. †and~~

~~(III) A census tract where at least 20% of the persons living within that code are receiving Supplemental Nutrition Assistance (SNAP) benefits.~~

2. Qualified Social equity applicants shall have the administrative processing fee reduced as follows:

(a) If the social equity applicant, who is the 51% owner of the company and, qualifies as an applicant designated in NCCR 5.055(1)(c)(1) the administrative processing fee pursuant to NRS 678B.390 shall be reduced by 75%.

(b) If the social equity applicant who is the 51% owner of the company and qualifies as an applicant pursuant to NCCR 5.055(1)(c)(2) the administrative processing fee designated in NRS 678B.390 shall be reduced by 50%.

~~5.060 Issuance of license is conditional until certain requirements for approval to begin operations are satisfied. Prior to requesting applications pursuant to NCCR 5.020, the Board will promulgate regulations on conditional licenses issued in response to a request by the Board pursuant to NCCR 5.020. Issuance of license if Board receives less applications than available cannabis establishment licenses for an open application period. If during the open licensing period the Board receives fewer less applications than there are available licenses, and if the applications are complete and in compliance with NCCR 5.040, the applicant that has met the minimum scoring guidelines on the application shall proceed to a suitability investigation by Board Agents and suitability review by the Board shall be selected for Board shall issue each applicant a prospective license.~~

~~5.065 Written notice of denial of application. Prior to requesting applications pursuant to NCCR 5.020, the Board will promulgate regulations on how written notice of a denial of application is given in response to a request by the Board pursuant to NCCR 5.020. Procedure to request a reduction of renewal fees for conditional licenses.~~

~~1. Applicants, who have met the minimum scoring guidelines on the application, in possession of a conditional license can apply to the Board to have their renewal fees~~

under NRS 678B.390 reduced due to financial hardship. This application must include the following:

- (a) An Affirmation that the cannabis establishment will become operational within 18 months of the date of the application to reduce fees.
- (b) Evidence of financial hardship satisfactory to the Board which includes:
 - (1) Evidence that the cannabis establishment's outstanding costs and expenses are greater than the assets available to satisfy these costs and expenses;
 - (2) Evidence that the cannabis establishment has exhausted all financial options; and
 - (3) Evidence of any other compelling reason to reduce the renewal fees under NRS678B.390.

The Board shall make the ultimate determination as to whether the application establishes financial hardship.

2. Initial applications for reducing fees pursuant to this section must be submitted at least 30-days before the 12-month deadline referred to in NCCR 5.085 subsection 1 expires.

3. Any applicant, who meets the minimum scoring guidelines on the application and seeks to request a subsequent extension to the 18-month period identified in subsection 1 of this regulation, may request such an extension from the Board only upon the showing of good cause. Any request made under this subsection must be made in writing at least 30-days before the original 18-month period expires. The Board shall make the ultimate determination as to whether the good cause requirement has been satisfied.

5.085 Surrender of license if cannabis establishment has not received final inspection; extension of time for final inspection; fee not refundable.

1. If a cannabis establishment has not received a final inspection within 12 months after the date on which the Board issued a conditional license to the cannabis establishment, the cannabis establishment must surrender the conditional license to the Board. The Board may extend the period specified in this subsection if the Board, in its discretion, determines that extenuating circumstances prevented the cannabis establishment from receiving a final inspection within the period specified in this subsection or if factors outside the control of the cannabis establishment caused a delay in satisfying the requirements of NRS 678B.320(1).

2. If a cannabis establishment surrenders a conditional license to the Board pursuant to this section, the applicable licensing fee paid by the cannabis establishment is not refundable.

5.110 Requirements for transfer of all or a portion of ownership interest; reimbursement of costs to Board; notice to Board; disclosure of facts pertaining to representative capacity of certain persons to Board; permission of Board required for registering certain information in the books and records of the cannabis establishment; investigation.

15. The owners of an independent cannabis consumption lounge license shall not transfer said license until 2 years from the date on which the independent cannabis consumption lounge license became operational, except as follows.

- (a) Any such transfer that does not result in the original ownership dropping below 51%.
- (b) Death or incapacitation of original owners requires such transfer providing:
 - (1) If the original ownership qualified as a social equity applicant pursuant to NCCR 5.055, the resulting ownership must also qualify as a social equity applicant.
 - (2) Must follow the requirements of NCCR 5.170.
- (c) In cases of financial distress, ownership disputes, the possibility for impairment to the health or safety of the public, and/or in any other situations the Board finds appropriate, a licensee of an independent cannabis consumption lounge or any one of its owners may request the Board to order the placement of a cannabis receiver to take possession and control of the independent cannabis consumption lounge license pursuant to NCCR 5.175.